MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By CHAIRMAN MIKE SPRAGUE, on January 28, 1999 at 3:00 P.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Mike Sprague, Chairman (R)

Sen. Ken Miller, Vice Chairman (R)

Sen. John C. Bohlinger (R)

Sen. Chris Christiaens (D)

Sen. Dorothy Eck (D)

Sen. Bill Glaser (R)

Sen. Duane Grimes (R)

Sen. Don Hargrove (R)

Sen. J.D. Lynch (D)

Sen. Dale Mahlum (R)

Sen. Jon Tester (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jodi Pauley, Committee Secretary

Mary Vandenbosch, Legislative Branch

Please Note: These are summary minutes. Testimony and

discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 233, 1/25/1999; SB 239,

1/25/1999; SB 269, 1/25/1999

Executive Action: SB 142; SB 225; SB 226; SB

214; SB 74

HEARING ON SB 269

Sponsor: SEN. DARYL TOEWS, SD 48, LUSTRE

Proponents:

Mae Nan Ellingson, Dorsey and Whitney Gene Alsberg, Fort Peck Water District John Tubbs, Department of Natural Resources Lucy Gallus, MT Rural Water Systems Inc. Bill Leonard, Midwest Assistance Program Joe Yeoman, Self

Opponents: None

Opening Statement by Sponsor:

SEN. DARYL TOEWS, SD 48, LUSTRE, said they have a water problem around Fort Peck Lake concerning wells and good water. Last session they formed a water district, but now they have no way to pay for the bonds.

<u>Proponents' Testimony</u>:

Mae Nan Ellingson, Dorsey and Whitney, said they are trying to figure out a way to finance their local share of the cost to establish this water system. Fort Peck water district knows that they cannot incur any indebtedness unless they have an election. Right now they have two options for financing their share of the capital costs of this system. One is by issuing general obligation bonds and the other is a revenue bond. They both have to be voted on. This bill will give them a third option which would allow them to repay the obligation through the imposition of special assessments. If it is done on a general obligation bond the theory is they want to have everyone pay for the improvement. She referred to the tax assessment sheet for Fort Peck. EXHIBIT (los22a01) This bill would give them the option that a county has in creating a Rural Special Improvement District (RSID). This would enable them to put an equal assessment for the cost of water against all similar property. This is only to pay for the capital cost of the system, the users will still pay the cost of usage. The bonds will be clearly stated as to what they will be used for and how they will be paid for on the ballot at election time. They will also have a public hearing.

Gene Alsberg, Fort Peck Water District, referred to the tax assessment sheet for Fort Peck. EXHIBIT (1)

John Tubbs, Department of Natural Resources, said they have struggled with how to get some equity between property owners and this bill will help this.

Lucy Gallus, MT Rural Water Systems Inc., handed in a letter of support for SB 269. EXHIBIT(los22a02)

Bill Leonard, Midwest Assistance Program, handed in a letter of support for SB 269. EXHIBIT (los22a03)

Joe Yeoman, Self, handed in testimony in support of SB 269.
EXHIBIT(los22a04)

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. CHRIS CHRISTIAENS asked if any of this had been eligible for or looked at by the Treasure State Endowment or Long Range Building committee. **John Tubbs** said they have a \$500,000 grant pending. They have also received a federal appropriation for development. They need the loan as a final component of the funding package.

SEN. CHRISTIAENS said what does the total package involve. John Tubbs said it is a special project and the total cost is around \$5,500,000. Most of the money will go to the federal appropriation but \$500,000 will go to the Treasure State Endowment program and about \$1.3 Million will go to a Special Resource Fund.

SEN. DOROTHY ECK asked how are they going to make the assessment. Mae Nan Ellingson referred to page 2, section 2 and explained. This is the same as the county RSID law and they would have the option of assesses on an equal basis, on a square footage of lot basis, lineal front footage basis, lump sum, and an assessable evaluation.

SEN. ECK asked if this gives them the authority to determine how they will do the assessments. **Mae Nan Ellingson** said under the previous law they have had the water districts go to the county and get them to create an RSID. This would still be an option here, but everyone felt rather than having government involved let them do the assessments themselves.

SEN. ECK asked about the charges for services, is it going to be charged according to volume or what method. **Mae Nan Ellingson** said this would be metered.

CHAIRMAN MIKE SPRAGUE asked how general obligation bonds go to an election. Mae Nan Ellingson said county water and sewer districts by law now can only incur indebtedness by a vote. The change here

would not change that in any way. This only changes the method in which they repay it.

Closing by Sponsor:

SEN. TOEWS said Fort Peck is not the only area in which they are having problems, this is a statewide problem.

{Tape : 1; Side : A; Approx. Time Counter : 3:20 p.m.}

HEARING ON SB 233

Sponsor: SEN. JOHN BOHLINGER, SD 7, BILLINGS

Proponents:

Dennis Paxinos, Yellowstone Co. Attorney Joe Mazurek, MT Attorney General's Office Bob McCarthy, Butte-Silver Bow Co. Attorney Mary Phippen, MT Assn. of Clerk and Recorders

Opponents:

Gordon Morris, MACo

Opening Statement by Sponsor:

SEN. JOHN BOHLINGER, SD 7, BILLINGS, opened on SB 233. EXHIBIT (los22a05)

He passed out some proposed amendments. **EXHIBIT (los22a06)**

Proponents' Testimony:

Dennis Paxinos, Yellowstone Co. Attorney, said this bill will have no impact on state or county budgets. He discussed the longevity pay that sheriffs receive. In 1985 the county attorneys passed longevity pay for deputy County Attorneys to try and help them stay on the job. They put in a surcharge on every criminal conviction. And that surcharge was to be used for the longevity pay of deputy County Attorney's. This money was supposed to be split between the state and county, but when the money was sent to the state the counties never got any money back. They paid for their deputies from district court convictions. The state for the last 12 years has been reaping the benefits of this. They want to recognize County Attorney under the same parameters as deputy attorneys. He used the example of if he worked for 11 years, he would get an additional \$5500, half from the state and the other half from the county. Right now there is \$3.6 million in the state fund from Justice court to pay for this. He said in the

last fifteen years it has become difficult to attract people to apply for the County Attorney's job. He said he is on call 24 hours a day and the county expects them to be tremendous trial lawyers as they take on the most hideous criminals in the county. But they also have to deal with simple county issues and all of these issues take some expertise to deal with. He said in 1991, the legislature changed the salary schedule of County Attorneys. The only way the County Attorney can get a cost of living increase is by approval of the County Commissioners. All other elected officials in the county are entitled to increases if the population goes up. If the county commissioners don't want to give the longevity pay or the cost of living increase they don't have to and this bill doesn't change that.

{Tape : 1; Side : A; Approx. Time Counter : 3:42 p.m.}

Joe Mazurek, MT Attorney General's Office, said they provide training and support for County Attorneys. He said anything that they can do to encourage County Attorneys to stay in their offices will benefit the county with better trials, records, etc. It is important to keep experienced attorneys on the job.

Bob McCarthy, Butte-Silver Bow Co. Attorney, said experience doesn't matter as far as pay is concerned to a County Attorney, but it matters with the work product and provides an economic incentive to the county. The funding mechanism to pay for this is already in place. There are deputy County Attorneys in this state that make the same money as the County Attorney does and they don't have to run for office, incur sick leave, vacation leave, etc. \$5500 is a small amount and this is a case of equity.

Mary Phippen, MT Assn. of Clerk and Recorders, said all county elected officials are entitled to longevity payments.

Opponents' Testimony:

Gordon Morris, MACo, said this bill is at the wrong time and the wrong place. County Government officials are underpaid and overworked. All county officials deserve a raise not just County Attorneys. The retroactive date is for January of 1991 and this is already eight years of longevity. If someone has been a County Attorney for eight years they automatically get \$3500. Half of this money will come from the General Fund. He said a better approach may be to re-commission a major salary study for local government officials. County Attorneys get a Cost of Living Adjustment(COLA). The annual COLA has been at a rate of 2.5 to 3.5 percent since 1991. If a County Attorney had a salary of \$50,000 then they would get \$1500 on a 3 percent COLA annually. He stated that County Commissioners have talked about longevity.

One of the problems with longevity is it becomes an election risk. He used the example of electing a new County Attorney, a county could save up to \$5000 because they don't have to pay the longevity. He said they opposed the surcharge bill in 1985 because there was not enough money to pay for county deputy attorneys and other county officials.

{Tape : 1; Side : B; Approx. Time Counter : 3:55 p.m.}

Questions from Committee Members and Responses:

- SEN. LYNCH asked why not put in other elected officials? SEN. BOHLINGER said this bill specifically is for County Attorneys. The funding source that they have identified in this bill will come from the surcharge that is being collected. If they want to find funding sources for other county officials it needs to be addressed in a separate piece of legislation.
- SEN. GLASER referred to the Fiscal Note and asked if this bill takes the money out of the county fund. Karen Munro, Central Services Division of Department of Justice, said the Department does not get the \$3.6 Million that was discussed, it goes to the general fund. She said she does not know how much the counties collected and this is what is addressed in the bill not the state's portion.
- SEN. GLASER asked if the State is getting \$3.6 Million and is divided on a 50 percent ratio, then the counties are getting \$3.6 Million and the total amount collected would be \$7.2 Million. He asked where the counties money is being spent. Gordon Morris said the 50 percent the counties get from justice court fines goes into the County General Fund and can be used anywhere within the general fund. Surcharges are collected over and above the fine and the question is if those fines are staying consistent.
- **SEN. CHRISTIAENS** asked what the COLA's have been over the last 8 years? **Karen Munro** said in 1992 it was 5.4%; 1993-4.3%; 1994-3%; 1995-3%; 1996-2.5%; 1997-2.8%; 1998-3%; and 1999-2.3%
- **SEN. CHRISTIAENS** asked if County Attorneys have received cost of living increases. **Gordon Morris** said that commissions have the discretion of giving only 50% of a 5.4% COLA if they like or 0 percent up to 100%.
- **SEN. HARGROVE** asked if the money is actually there and how much is there. **Karen Munro** said she can't clarify that.
- **SEN. HARGROVE** asked what kind of agreement was there when they authorized this surcharge. **Dennis Paxinos** said in Yellowstone Co.

for example if someone gets a \$350 fine there is a \$15 surcharge on top of that. They have always taken the fine and an additional portion of that. He said in Yellowstone County alone last year they created \$59,000 from surcharges in the district court. That money is being spent on other people, etc. and this statute was put in place to make sure it went to pay for longevity.

- **SEN. HARGROVE** said if this is in statute then they are not following the law. **Dennis Paxinos** said whatever is collected from the Justice court half is sent to the State and the other half goes to the county.
- **SEN. HARGROVE** asked if county deputy attorneys get longevity pay. **Dennis Paxinos** said what they have found is that in some cases deputy County Attorneys make more money than County Attorneys because they don't get longevity pay.
- **SEN. HARGROVE** said there is nothing in this bill that says where the money is supposed to come from and this needs to be address because otherwise this is an unfunded mandate on the state or the county. **Dennis Paxinos** said this is defined in 46-18-236 and how that money is to be spent. **Gordon Morris** said on page 4, line 15, the money is defined. He said they are adding County Attorneys on line 15 so that the surcharge collected under this law goes for the payment of salaries to County Attorneys. There is not a surplus of money.
- **SEN. HARGROVE** asked how much money is there right now and is there enough. **Gordon Morris** said it is hard to determine how much money there is and what is collected annually.
- SEN. LYNCH asked if the State has been given the COLA's through the years on the state's portion. Karen Munro said yes, counties have to notify the State by August before the next legislative session so they know how much to draft into their budget.
- **SEN. LYNCH** asked if other county officials get COLA's too? **Gordon Morris** said on page 2, line 18 is the COLA provision that applies to all elected officials.
- {Tape : 1; Side : B; Approx. Time Counter : 4:15 p.m.}
- **SEN. GRIMES** asked when did deputy County Attorneys received longevity payment? **Dennis Paxinos** said it was 1985.
- **SEN. GRIMES** asked why weren't the County Attorneys included in this. **Bob McCarthy** said it was a political question. He said they were concerned about losing deputies and wanted to save what they could.

- **SEN. GRIMES** asked if there is a turnover problem with County Attorneys. **Bob McCarthy** said full time County Attorneys make enough to support themselves. With part-time County Attorneys there is a high turnover and this money is important to them.
- SEN. HARGROVE said there is a difference between COLAs and longevity payments and he agrees with both of them. But the fund is very complicated and he needs some assurance that they are not pulling money out of the General Fund. Dennis Paxinos said because of a book-keeping administrative agreement the legislature has said not to worry about tracking this money, but give half to the state and half to the counties. He said he believes there is plenty of money to pay for this because they have given \$3.8 Million to the State that was collected from Justice Court. Joe Mazurek said in 1985, County Attorneys came in and provided a funding source for deputy County Attorneys. He said this money is appropriated out of their budget. This is a moral obligation.
- SEN. ECK asked if the COLAs are the same for state workers. Karen Munro said she did not think so. Gordon Morris read line 18, page 2.
- SEN. TESTER asked if any of the counties pay 100 percent of the COLAs. Karen Munroe said there are several.
- **SEN. TESTER** asked if County Commissioners have the authority to exceed that COLA and above the salary. **Karen Munroe** said that is up to the counties and they can do that. **Gordon Morris** said no they cannot go above the statutorily authorized COLA or the salary.
- **SEN. MAHLUM** asked how the money gets sent to the state and what happens to it once it is in the General Fund. **Joe Mazurek** said 50 percent of the fines go to the state and some of it goes to the general fund and is appropriated.
- **SEN. CHRISTIAENS** asked what the sub-committee did with this issue. **Joe Mazurek** said the sub-committee has fully funded the counties because they notify them in advance and know what the potential COLAs are.
- CHAIRMAN SPRAGUE asked why the retroactive date is for 1991. Bob McCarthy said he thought it was a compromise.
- **SEN. GRIMES** asked why do County Commissioners oppose this. **Gordon Morris** said commissioners oppose it in principle and they have historically opposed longevity for elected officials.

Closing by Sponsor:

SEN. BOHLINGER said this is the right time and the right place to deal with this issue. This source of money was created through fines from Justice Court. The people that are responsible for imposing these fines should get their share. People that are County Attorney are public servants and they don't make much money. They need to keep these 55 County Attorneys working and provide an incentive to keep them there.

{Tape : 2; Side : A; Approx. Time Counter : 4:35 p.m.}

Committee took a five minute break.

HEARING ON SB 239

Sponsor: SEN. GLENN ROUSH, SD 43, Cut Bank

Proponents:

Mike Eve, Northern MT Joint Refuse Disposal District Gordon Morris, MACo

Opponents: None

Opening Statement by Sponsor:

SEN. GLENN ROUSH, SD 43, Cut Bank, said there are 19 solid waste disposal districts in the State. The purpose of this bill is to seek information from the Department of Revenue. Rates for service charges are set by the solid waste district. The purpose is to assure landfill districts the access to information that may already be compiled by the Department of Revenue. Without having this information the landfill district would have no way of tracking new buildings or mobile homes that are located within the district and are using landfill services.

Proponents' Testimony:

Mike Eve, Northern MT Joint Refuse Disposal District, said this will give them access to existing information from the Department of Revenue. This bill requires the Department of Revenue to assist the landfill district by providing the board with information pertaining to new construction, demolition, remodeling, and location of mobile homes. He said they have a very large district and if they don't have access to this information they will not have the ability to assess the newly located property owners using their landfill services. It would be an injustice to the original members of the landfill district

that are currently being assessed to have to support the landfill services of others. He turned in a sheet that had all of the landfill districts in Montana. **EXHIBIT**(los22a07)

Gordon Morris, MACo, said they support the bill.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. MAHLUM asked what the definition of a landfill was. **Mike Eve** said their district is a legally formed district. They assess the users through assessments similar to special improvement districts.

SEN. MAHLUM asked if they have a truck that picks up garbage at the owner's home. **Mike Eve** said no, this has nothing to do with the pickup and delivery of garbage.

SEN. HARGROVE said why is the Department of Revenue doing this and not the districts themselves. **Mike Eve** said everyone in their district pays state taxes and pays the wages for the Department of Revenue and they already have this information.

SEN. ECK asked if they had contacted the department previously and would not share this information. **Mike Eve** said they haven't had any problems with the assessor out in the field, but as the Department of Revenue keeps downsizing, the field assessors are limited on their time. He said they need to have this information to get property owners on their tax roles.

SEN. GLASER referred to the Fiscal Note and how are the districts going to pay for this? **Mike Eve** said he couldn't speak for the other 19 districts, but they would be willing to pay their share.

Closing by Sponsor:

SEN. ROUSH said everyone that lives within a solid waste district should be assessed their fair share.

{Tape : 2; Side : A; Approx. Time Counter : 4:53 p.m.}

EXECUTIVE ACTION ON SB 142

Discussion:

SEN. TESTER explained amendments to SB 142. EXHIBIT (los22a08)

<u>Motion/Vote</u>: SEN. TESTER moved that **AMENDMENTS TO SB 142 BE ADOPTED**. Motion carried 9-0.

Motion/Vote: SEN. TESTER moved SB 142 DO PASS AS AMENDED. Motion
carried 9-0.

EXECUTIVE ACTION ON SB 225

Motion/Vote: SEN. CHRISTIAENS moved SB 225 DO PASS. Motion
carried 8-0.

EXECUTIVE ACTION ON SB 226

Motion/Vote: SEN. MAHLUM moved SB 226 DO PASS. Motion carried 8-0.

EXECUTIVE ACTION ON SB 214

Motion/Vote: SEN. TESTER moved SB 214 DO PASS. Motion carried 8-1 with Glaser voting no.

EXECUTIVE ACTION ON SB 74

Discussion:

SEN. MILLER explained the amendments for SB 74. EXHIBIT (los22a09)

Mary Vandenbosch also explained the amendments. (EXHIBIT 9)

SEN. LYNCH said the Montana Power Company has a provision in that they can't shut the power off in the winter months for safety, etc. Is there any consideration in this bill that may cover that. SEN. MILLER said Montana Power can't lien the property and they will turn the power off come the first of May. Water is different.

SEN. LYNCH asked if they eliminated the ability of the water company from charging a large hookup fee to the property owner.

SEN. HARGROVE said he cannot see the need for this bill. He asked if this amendment made this a local option for municipalities?

SEN. MILLER said this is a better bill with these amendments. It requires that the water company send out a delinquent notice and collect a deposit. In the past, the tenant signs up for the water and then the tenant quits paying and the landlord doesn't know about it for several months and then they are stuck with a big bill. This bill makes them turn the water off and notify in a more timely matter.

Mary Vandenbosch said she didn't know if this bill dealt with the large hookup fee or not, it would depend on the situation of the district and the type of fees that are incurred.

SEN. HARGROVE asked if this is optional? **Mary Vandenbosch** said the district is not required to do anything. If they are going to collect unpaid taxes or require that a landlord pay all of the debt before sewer charges are restored, then they have to do these things.

SEN. HARGROVE asked if this doesn't pass, can municipalities still do this. **Mary Vandenbosch** said she couldn't think of any reason that they couldn't do these things.

SEN. BOHLINGER said the amendment is imposing good business practices on public utilities.

SEN. CHRISTIAENS asked what effect does this have on the Montana Landlord Tenant law. He asked what protection is there for the landlord in this bill. Mary Vandenbosch said the protection is shutting the water off. Ronda Carpenter, MT Housing Providers, said rather than letting the water run, it will be shut off. It will protect the landlord from a huge bill being run up while they are in the middle of their eviction process.

SEN. LYNCH asked why the cities and towns are against this bill. Alec Hansen, MT League of Cities and Towns, said the way this bill is written right now would only apply to four of five cities in the State of Montana that allow renters to come in and sign up for water and sewer service. He said he does not have any problem with the first amendment. (EXHIBIT 9) He discussed the second amendment and said this only adds to the cost of renting these properties and may be prohibitive for some. This also causes more book keeping for the district, etc. (EXHIBIT 9) He discussed the 3rd amendment and said this is vague concerning when it becomes delinquent. He said in Billings they have 105 days before water is turned off if tenants have not paid their bills. If this bill passed with the 60 day provision, the day after the immediate effective date took place they would have to go out and disconnect 600 to 800 accounts. By putting a number of days in the statutes it does away with the districts ability to set these people up on payment plans, etc. (EXHIBIT 9) He said these people have been running utilities for a long time and they know what they are doing. If this bill passed many cities and towns may go the other way and require the landlord to be responsible for the whole bill.

{Tape : 2; Side : B; Approx. Time Counter : 5:24 p.m.}

- SEN. MILLER said not everyone would have to come in a pay a deposit. He said Laurel, for example, only requires tenants that have not had water in their name before to pay a deposit. Cities can do different things. This would not cause cities to go in the other direction as many are finding it is beneficial to have the tenant sign up because they use less water, etc.
- SEN. ECK said a city or town could not collect this as a tax, they would have to do it through a lien or an assessment.
- SEN. TESTER asked if this only applies to metered water or single residents. SEN. MILLER said no, it can go by a flat rate.
- SEN. TESTER said this could be handled at the local level much better than mandated by the state. He said what would stop a landlord from having a flat rate up to 300,000 gallons and anything over and above that the tenant will have to pay the landlord. SEN. MILLER said a landlord cannot charge for water. Ronda Carpenter said they may put something in the contract that would allow the landlord to do that. In a multi-unit building a landlord cannot assess how much water is used on an individual basis.
- SEN. LYNCH said he is surprised in Laurel that they can selectively take deposits. He thought there was some discrimination clause that says they can't treat renters different than home-owners. SEN. MILLER said the reason they can do that is they can lien the property to the owner, but they can't do that with a tenant.
- SEN. BOHLINGER said it is his understanding that there is no interest on deposits. Why wouldn't a city look at this as a way to enhance revenues. This may offset the credit losses. SEN.

 MILLER said that is a possibility. Alec Hansen said the whole purpose of running the municipal utility is to get the rates as low as they can. They are not in the business of laundering money. These issues should be decided locally.
- SEN. BOHLINGER asked if it was true that deposits could not be in interest bearing accounts. Alec Hansen said yes they could be.
- **SEN. HARGROVE** said one of the municipalities that he knew of put deposits in an interest bearing account and it got to be a book-keeping nightmare and they quit doing this.
- **SEN. MAHLUM** discussed section 5 of the amendments. **(EXHIBIT 9)** He doesn't think they should have the deposit. **SEN. MILLER** said municipalities do not have to do any of this if they don't want to.

Motion/Vote: SEN. LYNCH moved that AMENDMENT #6, PAGE 2, 5(i);
PAGE 3, #9, SUBSECTION (a); AND #10, SUBSECTION 5 (a) FOR SB 74
BE ADOPTED. Motion carried 10-0. (EXHIBIT 9)

Motion: SEN. BOHLINGER moved that AMENDMENT #6, PAGE 2,
SUBSECTION (5) (ii), #9 (b) ON PAGE 3, AND #10, SUBSECTION (5) (b)
BE ADOPTED. (EXHIBIT 9)

Discussion:

Mary Vandenbosch explained the amendments and said some other sections go with this amendment.

Vote: Motion carried 6-4 on a roll call vote.

Motion: SEN. MAHLUM moved that THE REST OF THE AMENDMENTS BE
ADOPTED. (EXHIBIT 9)

Discussion:

SEN. LYNCH asked if this is 75 days. SEN. MILLER said yes.

Vote: Motion carried 6-4 on a roll call vote.

Motion: SEN. BOHLINGER moved that SB 74 DO PASS AS AMENDED.

Discussion:

SEN. LYNCH said he has a problem with the deposit because it will be different if there is a flat rate or it is metered.

 ${\bf SEN.}$ ${\bf HARGROVE}$ said this should not be imposed statewide or mandated by them.

Vote: Motion carried 7-3 on a roll call vote.

ADJOURNMENT

Adjournment:	5:50	P.M.						
				S	EN.	MIKE	SPRAGUE,	Chairman
						JODI	PAULEY,	Secretary

MS/JP

EXHIBIT (los22aad)